

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 GSA-01 /077 W

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 9398

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E.O. 11652: N/A

TAGS: EMIN, ELAB, JM

SUBJECT: BAUXITE SITREP: GOJ AND THE BAUXITE/ALUMINA
INDUSTRY

1. FOLLOWING SUMMARIZES STATUS OF BAUXITE/ALUMINA
INDUSTRY VIS-A-VIS GOJ:

2. ALCOA: ALCOA GENMGR CROUCH TOLD ECONOFF PRESENT
DISCUSSIONS CONCENTRATING UPON PROPOSED 300,000 TON IN-
CREASE IN ALUMINA PLANT BUT NO AGREEMENT ON DETAILS (KINGSTON
3647). ALCO DID OBTAIN INCOME TAX CREDIT FROM GOJ
BUT DID NOT GET RELIEF ON MINIMUM TONNAGE REQUIREMENT.
IF REDUCTION IS NOT OBTAINED, COST TO ALCOA WOULD BE
US\$7 MILLION, WHICH IS MORE THAN ALCOA'S PROFIT FOR
LAST HALF OF 1975. CROUCH SAID BOTH KAISER AND REYNOLDS
HAD OBTAINED RELIEF BUT WERE NOT BEING ASKED TO EXPAND.
KROME GEORGE HAD BEEN ASKED TO KAISER DINNER IN WASHINGTON
BUT "REFUSED TO BE FLOWER GIRL AT KAISER WEDDING". GOJ
NEGOTIATOR FLETCHER HAD TOLD CROUCH GOJ CONSIDERS
AGREEMENT WITH ALCOA MORE IMPORTANT THAN OTHERS.

2. REVERE: (KINGSTON 4292). PLANT CLOSED. MOLOWA
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EXPECTED TO RETURN WITH PROPOSAL HE HOPES WILL BE ACCEPT-

ABLE TO GOJ INVOLVING POSSIBLE PURCHASE BY LATTER AND RE-
OPENING OF PLANT.

4. ALCAN: (KINGSTON 4382). CLOSED BECAUSE OF LABOR
PROBLEMS. NO NEW WAGE SETTLEMENT YET AGREED. GOJ BEGAN
NEGOTIATIONS SEVERAL MONTHS AGO BUT NO RECENT ACTIVITY.

5. ALPART: COMPANY PLAGUED BY LABOR TROUBLE BUT HAS NOT
YET BEEN STRUCK OR HAD TO CLOSE. NO NEGOTIATIONS WITH
GOJ TO DATE.

6. REYNOLDS: HEADS OF AGREEMENT SIGNED LAST FALL BUT
GOJ HAS INDICATED NO INTEREST IN NEGOTIATIONS PROVIDED FOR
BY AGREEMENT. STRIKE ENDED BUT NEGOTIATIONS CONTINUE
WITH UNION ON NEW WAGE CONTRACT.

7. KAISER: HEADS OF AGREEMENT SIGNED LAST FALL AND
NEGOTIATIONS HAVE CONTINUED. NEW AGREEMENT WITH GOJ
EXPECTED TO BE ANNOUNCED SHORTLY BUT EMBASSY UNDERSTANDS
KAISER REQUIRING WORKERS TO RETURN TO JOBS BEFORE DOING
SO.

8. COMMENT: ONE OF GOJ'S PROBLEMS IS LACK OF MANPOWER,
ROUSSEAU AND FLETCHER OBVIOUSLY CANNOT HANDLE NEGOTIATIONS
WITH MORE THAN ONE OR POSSIBLY TWO COMPANIES AT A TIME,
WHICH IS ONE REASON ORIGINAL TIMETABLE OF CONCLUDING
AGREEMENTS BY SUMMER 1975 COULD NOT BE MET. PRESENT
ECONOMIC SITUATION OF INDUSTRY, CAUSED BY U.S. RECESSION,
IS VASTLY DIFFERENT FROM THAT OF JUNE 1974 WHEN LEVY
WAS IMPOSED, AND LACK OF DEMAND MEANS MOST OF INDUSTRY
CAN TAKE LONG STRIKES OR PROLONGED LABOR TROUBLE. COM-
PLICATING FACTOR IS THAT GOJ APPEARS UNABLE OR UNWILLING
FOR POLITICAL REASONS TO INTERFERE IN WAGE NEGOTIATIONS
WITH COMPANIES. RESOLUTION OF GOJ NEGOTIATIONS WITH
ALL COMPANIES COULD TAKE SIX TO NINE MORE MONTHS.
GERARD

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